

Message Text

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43

ACTION L-03

INFO OCT-01 EA-11 NEA-10 ADP-00 SCA-01 JUSE-00 PM-07 MC-02

SS-15 NSC-10 AID-20 IGA-02 COME-00 DODE-00 CIAE-00

INR-10 NSAE-00 RSC-01 TRSE-00 RSR-01 /094 W
----- 130000

R 221335 Z MAY 73

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 7216

INFO AMEMBASSY SAIGON

UNCLAS KARACHI 0824

DEPARTMENT FOR L/ M/ SCA

E. O. 11652: N/ A

TAGS: MASS, VS

SUBJECT: SCHIAVONE- CHASE CORPORATION V. U. S.

REF: STATE 096761

SUMMARY. FSO T. PATRICK KILLOUGH BELIEVES HE ABLE PROVIDE
GENERAL BACKGROUND INFORMATION THAT WOULD BE OF ASSISTANCE
TO USG IN DEFENSE OF SUBJECT ACTION. BUT NOT RPT NOT
THOROUGHLY FAMILIAR WITH DETAILS OF U. S. FIRM S EFFORTS
IMPORT NEEDED EQUIPMENT.
END SUMMARY.

1. REFTEL PARA 4 ASKED KILLOUGH AND OTHER ADDRESSEES
(A) IF THEY HAVE PRESENT KNOWLEDGE OF EMBASSY SAIGON
EFFORTS ASSIST SCHIAVONE- CHASE CORPORATION (S- C) ATTEMPT
TO SECURE TAX FREE IMPORTATION OF EQUIPMENT FOR PLAINTIFFS
IN CONNECTION WITH CONTRACTS FOR SALVAGE OF SCRAP METAL
IN VIETNAM., (B) CAN THEY PROVIDE INFORMATION OF ASSISTANCE
TO USG IN DEFENSE AGAINST S- C SUIT? FOLLOWING IS KILLOUGH' S
ANSWER:

2. QUOTE. I HAVE EXTENSIVE PRESENT KNOWLEDGE OF EFFORTS
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MADE BY MYSELF AND OTHER EMBASSY OFFICERS TO ASSIST S- C EXECUTE ITS CONTRACTS. MAJORITY OF MY TIME BETWEEN FEBRUARY 1970 AND OCTOBER 1971 WAS SPENT AS PART OF EMBASSY EFFORT ASSIST MACV DISPOSE OF EXCESS U. S. MILITARY PROPERTY IN VIET- NAM. REMOVAL OF SOLD MATERIAL FROM VIET- NAM WAS THE MOST IMPORTANT OF SEVERAL METHODS OF DISPOSAL. AND USG INVITED CONTRACTORS (SUCH AS S- C) WERE CRUCIAL TO THE SUCCESS OF THE EXPORT EFFORT. I INSPECTED S- C OPERATIONS AT DA NANG, CAM RANH BAY AND LONG BINH. I WAS WELL ACQUAINTED WITH SENIOR OFFICERS OF S- C RESIDENT IN VIET- NAM AND, LIKE OTHER EMBASSY OFFICERS, DID EVERYTHING I COULD TO HELP THEM SOLVE THEIR PROBLEMS WITH GVN AUTHORITIES.

3. DURING MY TOUR IN VIET- NAM MOST OF S- C' S DIFFICULTIES DERIVED FROM GVN S LONG DELAY IN ISSUING ORDERS TO IMPLEMENT NOVEMBER 1968 BILATERAL AGREEMENT ON DISPOSAL OF EXCESS USG PROPERTY (MILITARY) IN VIET- NAM. REQUIRED IMPLEMENTING ORDERS ISSUED BY PRIME MINISTER ONLY IN AUGUST 1970 AFTER EMBASSY INTERVENTIONS WITH GVN. THESE EMBASSY EFFORTS VIRTUALLY UNCEASING AFTER DECEMBER 1969 (WHEN IT FIRST BECAME GENERALLY APPARENT THAT NOVEMBER 1968 AGREEMENT NOT RPT NOT WORKING AS INTENDED). BUT PROBABLY THE CASE THAT BY AUGUST 1970, S- C HAD ALREADY TAKEN MOST OF ITS LOSSES.

4. AM WILLING TO OFFER WHATEVER ASSISTANCE I CAN. BUT THOROUGH REVIEW OF FILES AND CORRESPONDENCE WOULD PROBABLY BE NECESSARY. IN ANY EVENT, DURING MY TOUR IN VIET- NAM S- C S MAIN PROBLEM DID NOT RPT NOT APPEAR RELATED SO MUCH TO ITS INABILITY TO IMPORT SOPHISTICATED EQUIPMENT. RATHER IT WAS MOSTLY A MATTER OF GAINING EXEMPTION FROM GVN EXPORT DUTIES ON SCRAP AND OTHER EXCESS PROPERTY AND OF BEING PERMITTED TO USE U. S. MILITARY PORTS. IN REGARD NARROW QUESTION S- C S PROBLEMS OF IMPORTING EQUIPMENT DUTY- FREE, I BELIEVE THAT EMBASSY S THEN ADMINISTRATIVE OFFICERS WOULD BE FAR MORE KNOWLEDGEABLE THAN I. THIS IS BECAUSE ADMINISTRATIVE SECTION HAD DIRECT RESPONSIBILITY FOR SUPPORTING VIS- A- VIS GVN CUSTOMS AUTHORITIES EFFORTS OF APPROVED USG CONTRACTORS (SUCH AS S- C) TO IMPORT DUT Y- FREE EQUIPMENT. UNQUOTE.

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